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OWNER OF "CLEAN GREEN FUEL" CONVICTED OF SCHEME TO
VIOLATE EPA REGULATIONS AND SELL \$9 MILLION IN FRAUDULENT RENEWABLE
FUEL CREDITS

Rodney Hailey Falsely Claimed His Company Produced 23 Million Gallons
of Renewable Fuel

Baltimore, Maryland - A federal jury convicted Rodney R. Hailey, age 33, of Perry Hall, Maryland, today of wire fraud, money laundering and a violation of the Clean Air Act, in connection with a scheme in which he sold \$9 million in renewable fuel credits which he falsely claimed were produced by his company, Clean Green Fuel, LLC.

The conviction was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Acting Deputy Director David G. McLeod, Jr. of the Environmental Protection Agency's (EPA) Criminal Investigation Division; Acting Postal Inspector in Charge Peter R. Rendina of the U.S. Postal Inspection Service - Washington Division; Special Agent in Charge Rick A. Raven of the Internal Revenue Service - Criminal Investigation, Washington, D.C. Field Office; Special Agent in Charge Thomas Muskett of the EPA Office of Inspector General - Office of Investigations - Washington Field Office; U.S. Marshal for Maryland Johnny Hughes; and Chief James W. Johnson of the Baltimore County Police Department.

"Like many government programs, the EPA's renewable fuel initiative was designed with the assumption that people would act in good faith and actually produce renewable fuel before collecting the subsidy for it," said U.S. Attorney Rod J. Rosenstein. "The only thing 'Clean Green Fuel' produced was the dirty money Rodney Hailey used to fund his lavish lifestyle. Mr. Hailey made up 35million 'renewable identification numbers,' each of which supposedly corresponded to the production of two-thirds of a gallon of biodiesel fuel, without producing the fuel. Oil companies bought the RINs in order to comply with EPA regulations requiring them to subsidize the production of renewable fuel."

According to evidence presented at the six day trial, Hailey owned Clean Green Fuel, LLC, located in the Baltimore area. Hailey registered Clean Green Fuel with the EPA as a producer of bio-diesel

fuel, a motor vehicle fuel derived from renewable resources that can be used like any other motor vehicle fuel. In order to encourage the production of renewable fuel and lessen the nation's dependence on foreign oil, all oil companies that market petroleum in the U.S. are required to produce a given quantity of renewable fuel or to purchase credits, called renewable identification numbers (RINs) from producers of renewable fuels to satisfy their renewable fuel requirements.

Between March 2009 and December 2010, Hailey sold over 35 million RINs (representing 23 million gallons of bio-diesel fuel) to brokers and oil companies for at least \$9 million, when in fact Clean Green Fuel had produced no fuel at all and Hailey did not have a facility capable of producing bio-diesel fuel.

Two civil inspectors from EPA's Air Enforcement Division visited Clean Green's headquarters on July 22, 2010, to inspect Hailey's bio-diesel production facility, in response to a complaint alleging that Clean Green had been selling false RINs. Hailey was not able to provide an exact location for the bio-diesel fuel production facility, nor any records to support claims that Clean Green Fuel had produced bio-diesel fuel. When asked to explain his method of production, Hailey falsely stated that he paid employees and contractors to recover waste vegetable oil from 2,700 restaurants in the "Delmarva" area and bring it to his production facility where he converted it to bio-diesel fuel. Hailey claimed that only the drivers who picked up the oil knew the names of the restaurants, and Hailey could not provide the names of the drivers.

According to evidence introduced at the trial, federal law enforcement agents investigated the scheme after a Baltimore County police detective working with Maryland's federal financial crimes task force received a report about the large number of luxury cars parked in front of Hailey's house. The financial crimes task force contacted the EPA's Criminal Investigation Division and initiated a criminal investigation.

Hailey used the proceeds of the wire fraud scheme to purchase luxury vehicles, including BMWs, Mercedes Benz', a Rolls Royce Phantom, a Lamborghini, Ferrari, Maserati and others, as well as real estate and jewelry. In all of these transactions, Hailey generally used cash or checks drawn on accounts he controlled to make the purchase, including a check for \$645,330.15 to buy his home in Perry Hall.

"This verdict puts corrupt business owners on notice, that their appearance of wealth and success is simply a facade for a tangled web of lies. IRS-CI specializes in following the money trail no matter how obscure and will continue our forfeiture efforts to prevent money laundering through cooperative alliances with our federal, state and

local law enforcement partners," said IRS-CI Special Agent in Charge Rick A. Raven.

The government seeks forfeiture of the cars, jewelry, property and bank accounts already seized by the government, as well as any other proceeds traceable to the offense, in order to satisfy a money judgment of \$9 million.

Hailey faces a maximum sentence of 20 years in prison for each of eight counts of wire fraud; 10 years in prison for each of 32 counts of money laundering and two years in prison for each of two counts of violating the Clean Air Act. U.S. District Judge William D. Quarles, Jr., has scheduled sentencing for October 11, 2012, at 1:00 p.m. and ordered the Hailey be detained pending sentencing.

For their work in this investigation, United States Attorney Rod J. Rosenstein praised the members of the Maryland Financial Crimes Task Force, including the U.S. Marshals Service, the Baltimore County Police Department and IRS - Criminal Investigation; and the EPA Criminal Investigation Division, U.S. Postal Inspection Service, and EPA Office of Inspector General - Office of Investigations. Mr. Rosenstein thanked Assistant United States Attorneys Tonya N. Kelly and Stefan Cassella, who are prosecuting the case.
